

**SUMTER COUNTY BOARD OF COMMISSIONERS**  
**EXECUTIVE SUMMARY**

**SUBJECT:** Renewal of BCBS of Florida, Inc. Administrative Services Only (ASO) Agreement

**REQUESTED ACTION:** Approval of Sun Life for STD and LTD Insurance

☐ Work Session (Report Only)

**DATE OF MEETING:** 9/8/09

☒ Regular Meeting

☐ Special Meeting

**CONTRACT:** ☐ N/A

Vendor/Entity: BCBS of Florida, Inc.

Effective Date: 10/1/09

Termination Date: 9/30/09

Managing Division / Dept:

Support Services/Risk Management

**BUDGET IMPACT:** \$644,000 (Budgeted)

☒ Annual

**FUNDING SOURCE:** Health Fund

☐ Capital

**EXPENDITURE ACCOUNT:** 501-590-591-4560

☐ N/A

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**HISTORY/FACTS/ISSUES:**

Since October of 2003, BCBS of Florida, Inc. has provided ASO services to Sumter County for the Health Plan. October 1, 2009, will begin the third year of a three year agreement for these services. Due to our moving from the Blue Choice to the Blue Options Health Plan we are eligible for a reduction from \$62.09 to \$62.00 per benefit eligible participant per month. Last year's agreement is also attached for reference.

Staff recommends approval.

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**BlueCross BlueShield  
of Florida**

**Health Options.**

Health Options and its Parent, Blue Cross and Blue Shield  
of Florida, are independent licensees of the Blue Cross  
and Blue Shield Association.

7/2/09

To: Lita Hart, Sumter County BOCC  
From: Sue Kelman, BCBSF

RE: New ASO Administrative Services Agreement

Lita – since our administrative fee changed from the prior agreement of \$65.09  
For 10/1/09-9/30/10 to \$62 for 10/1/09-9/30/10 --- I have had this revised agreement  
drawn up. It is exactly the one currently in force except the change on the admin  
rate for the third year, and a change on the date to 10/1/09.

Please have this executed on your end and then send to me to get our VP signature.

If you want two originals, just copy this and get two signed and send back to me.

Thanks for all your help!!

## AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT, entered into on \_\_\_\_\_, 2009 is by and between Blue Cross and Blue Shield of Florida, Inc. (hereinafter called the "Administrator") and Sumter County Board of County Commissioners (hereinafter called the "Employer"). In consideration of the mutual and reciprocal promises herein contained, the Administrative Services Agreement between the Administrator and the Employer (hereinafter "Agreement") effective October 1, 2003 is amended as follows:

1. Exhibit B to the Agreement is hereby amended, effective October 1, 2009. The revised Exhibit B is attached to this Amendment and replaces the Exhibit B previously attached to the Agreement.
2. Except as otherwise specifically noted in this Amendment, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the duly authorized representatives of the parties.

BLUE CROSS AND BLUE SHIELD  
OF FLORIDA, INC.

SUMTER COUNTY BOARD OF  
COUNTY COMMISSIONERS

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT "B"**

**to the  
ADMINISTRATIVE SERVICES AGREEMENT  
between**

**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.**

**and  
SUMTER COUNTY BOARD OF COUNTY COMMISSIONERS**

**FINANCIAL ARRANGEMENTS**

**I. Effective Date**

The effective date of this Exhibit is October 1, 2009.

**II. Monthly Payments.**

- A. Each month, BCBSF will notify the Employer of the amount due to satisfy the previous month's paid claims liability. BCBSF also will provide the Employer with a detailed printout of the previous month's claims payments. The Employer agrees to pay the full amount of the bill within ten (10) days of the written notification. If the payment is not received by BCBSF by the payment due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, BCBSF will immediately suspend claims until payment is received by BCBSF.
- B. The Employer agrees to pay to BCBSF, each month during and after the term of this Agreement, an administrative fee, as set forth below. The Employer agrees to pay to BCBSF, each month, the administrative fee within ten (10) days of the written notification of the amount due. If payment is not received by BCBSF by the due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, BCBSF will immediately suspend claims until payment is received by BCBSF.

**III. Funding Information**

- A. Method of Funding Transfer: Wire

**IV. Administrative Fees:**

- A. Administrative fees during the term of the Agreement:

\$61.73 per enrolled employee per month from October 1, 2007 through September 30, 2008

\$62.09 per enrolled employee per month from October 1, 2008 through September 30, 2009

\$62.00 per enrolled employee per month from October 1, 2009 through September 30, 2010

The Employer agrees not to contract out the Administrative Services Agreement from October 1, 2007 through September 30, 2010.

- B. Administrative fees after the termination of the Agreement: N/A % of claims paid.

V. Late Payment Penalty

- A. A daily charge of .00038 times the amount of overdue payment.

VI. Expected Enrollment

- A. The administrative fees referenced above are based on an expected enrollment of: Single - 317 and Family - 295.
- B. If the actual enrollment is materially different from this expected enrollment, BCBSF reserves the right to adjust the administrative fees as set forth in the Agreement. Actual administrative fees will be charged based on actual enrollment.

**SUMTER COUNTY BOARD OF COMMISSIONERS  
EXECUTIVE SUMMARY**

9-23-08  
NB(d)7

**SUBJECT:** Blue Cross Blue Shield Application Renewal & Administrative Services Agreement Amendment

☐ Work Session (Report Only)    **DATE OF MEETING:** September 23, 2008  
☒ Regular Meeting  
☐ Special Meeting

**BUDGET IMPACT:**

☐ Annual  
☐ Capital  
☐ N/A

**FUNDING SOURCE:**

**EXPENDITURE ACCOUNT:**

**REQUESTED ACTION:** Approval of Renewal and Amendment

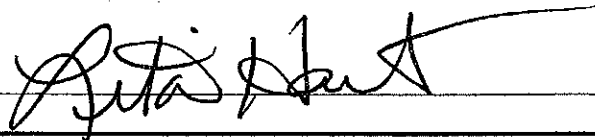
**HISTORY/FACTS/ISSUES:**

Since October of 2003, the county has used Blue Cross Blue Shield (BCBS) to administer our health plan. Last year, the county approved a 3 year renewal agreement with a fixed 4.64% increase each year. However, as a result of the RFP process, our Broker, Brown and Brown, reduced their fees which are included in the Administrative Services fee we pay to BCBS. The attached Administrative Services Agreement Amendment reflects those reductions. The increase from October 1, 2007 to October 1, 2008 will only be .58% and not the anticipated 4.64%

Historical data is also attached for Board review.

**DEPARTMENT RECOMMENDATION:** Approval of Renewal and Amendment

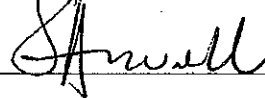
**DEPARTMENT HEAD SIGNATURE**



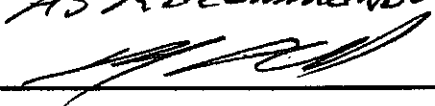
**DIVISION RECOMMENDATION:**

APPROVE

**DIVISION DIRECTOR SIGNATURE:**



**COUNTY ADMINISTRATOR RECOMMENDED ACTION:** AS Recommended



**ACTION TAKEN BY THE  
BOARD:**

**DATE:**

**APPROVED**

SEP 23 2008

## AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT, entered into on September 23, 2008 is by and between Blue Cross and Blue Shield of Florida, Inc. (hereinafter called the "Administrator") and Sumter County Board of County Commissioners (hereinafter called the "Employer"). In consideration of the mutual and reciprocal promises herein contained, the Administrative Services Agreement between the Administrator and the Employer (hereinafter "Agreement") effective October 1, 2003 is amended as follows:

1. Section I, subsection A, is hereby amended to extend the term of the Group Health Plan until September 30, 2010 unless the Agreement is terminated earlier in accordance with the terms of the Agreement.
2. Exhibit B to the Agreement is hereby amended, effective October 1, 2007. The revised Exhibit B is attached to this Amendment and replaces the Exhibit B previously attached to the Agreement.
3. Except as otherwise specifically noted in this Amendment, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the duly authorized representatives of the parties.

BLUE CROSS AND BLUE SHIELD  
OF FLORIDA, INC.

By: 

Title: VP & CHIEF UNDERWRITING OFFICER

Date: OCTOBER 17, 2008

SUMTER COUNTY BOARD OF  
COUNTY COMMISSIONERS

By: 

Title: Chairman

Date: September 23, 2008

## **Administrative Services Agreement with Blue Cross Blue Shield (BCBS)**

**History:** In 2003, the Board moved from contracting with a third party vendor (PBA) for claims administration and separately buying into a preferred provider network to contracting with BCBS for claims administration and access to their network. Moving to BCBS provided the Health Plan with greater discounts (50% versus 30% from prior vendor) and the largest provider network in our area.

**Fee:** The contract with BCBS is based on a flat fee per employee. The fee includes:

- a) Claims administration
- b) Access to the BCBC network
- c) Flat fee per employee paid to the Board's Benefit Broker which is Brown and Brown for direct services provided i.e. claims assistance, enrollment processing, employee meetings, benefits education, etc.

Annually, BCBS reviews the number of claims paid along with other factors and proposes fee increases. In October 2007, we entered into a three year contract with BCBS that defined the fees through 2010 and provided an increase of 4.64% annually. The prior increases had been 13% in 2004 (addition of LSEMS to plan), 9% in 2005, 7% in 2006, and 7% in 2007.

**Amendment:** This contract amendment will reduce the amount agreed upon in the 2007 contract. The reduction is due to number (c) cited above as Brown and Brown reduced their fee from \$4.50 to \$2.00 per employee.

	Original 3 year Contract	Proposed Amendment	Incr/Decr	Annualized based on 850 Employees
2007-08	61.73	61.73	-	-
2008-09	64.59	62.09	(2.50)	(25,500.00)
2009-10	67.59	65.09	(2.50)	(25,500.00)



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